

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
Establishing Just and Reasonable Rates for	)	WC Docket No. 07-135
Local Exchange Carriers	)	
	)	
Developing a Unified Intercarrier	)	CC Docket No. 01-92
Compensation Regime	)	

**COMMENTS OF SPRINT CORPORATION**

Sprint Corporation (“Sprint”), pursuant to the Public Notice released on June 29, 2017 (DA 17-631), hereby respectfully submits its comments supporting the application of terminating switched access charges to the originating, or open, end of 8YY traffic.

On May 19, 2017, the Ad Hoc Telecommunications Users Committee (Ad Hoc) filed a letter in the above-captioned proceedings requesting that the Commission “restore the historic treatment of 8YY traffic for access charge purposes, pursuant to which carriers are required to apply the per minute charges for terminating traffic to the originating or ‘open’ end of 8YY calls.”<sup>1</sup> As Ad Hoc explained, the Commission historically required the assessment of terminating switched access charges to the open/originating end of toll-free calls because the payor (the toll-free service subscriber) cannot choose the originating access provider.<sup>2</sup> As discussed briefly below, the Commission should implement Ad Hoc’s recommendation, because such action is

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<sup>1</sup> Ad Hoc letter, p. 1.

<sup>2</sup> Ad Hoc letter, Attachment p. 5 (citing the 1997 *Access Reform Order*, 12 FCC Rcd 16642 (1997)).

economically rational and consistent with the FCC's overarching intercarrier compensation reform objective – the establishment of a bill-and-keep regime to govern the exchange of all traffic.

In 2011, the Commission adopted a bill-and-keep intercarrier compensation methodology to replace certain terminating access rate elements.<sup>3</sup> As part of that proceeding, the Commission sought comment on the appropriate treatment of 8YY originating minutes, noting that because the party placing a toll-free call “chooses the access provider but does not pay for the toll call, it has no incentive to select a provider with lower originating access rates.”<sup>4</sup> The Commission's concern here was, and remains, fully warranted. To promote the economic benefits of bill-and-keep, and to stem access stimulation schemes involving toll-free service, the Commission should re-instate its prior policy of treating the open end of 8YY calls as terminating usage for access charge purposes, and require that both ILECs and CLECs apply the transitional terminating access rates to the open end of a toll-free call.

The appropriate access charge treatment of originating 8YY traffic is not a trivial issue, as such usage accounts for the vast majority of originating minutes for which Sprint's wireless and IXC entities are billed -- over 74% for May and June 2017.<sup>5</sup> If LECs were required to collect call originating charges directly from the end users that originate those calls, they would have some incentive to minimize those charges. Instead, since they are permitted to impose the charges on carriers with which they often compete, the LECs have every incentive to maximize the charges. As a result, in the absence of

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<sup>3</sup> *Connect America Fund, et al.*, 26 FCC Rcd 17663 (2011).

<sup>4</sup> *Id.*, para. 1303.

<sup>5</sup> This calculation excludes minutes originated by Sprint wireless customers, since Sprint would not bill itself for such minutes.

Commission action, Sprint and other carriers are forced to pay LECs uneconomically high rates that are inconsistent with a bill-and-keep intercarrier compensation regime and fundamentally incompatible with pro-competition U.S. policy. The Commission should halt this irrational system, and issue an order in its long-pending intercarrier compensation reform proceeding mandating the application of terminating charges to originating 8YY traffic.

Respectfully submitted,

**SPRINT CORPORATION**

*/s/ Charles W. McKee*

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